

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the allocation of \$184,946 in Community Redevelopment Agency/Los Angeles (CRA/LA) excess bond proceeds from the Watts Redevelopment Project Area and \$15,054 from AB 1290 for the purchase of real estate.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE \$184,946 CRA-LA/Designated Local Authority (CRA-LA/DLA) Excess Bond Proceeds available to Council District 15 from the Watts Redevelopment Project Area to be utilized for the purchase of real estate.
2. AUTHORIZE the Economic and Workforce Development Department (EWDD) to transfer \$184,946 from CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account no. 22L9QT- Watts Taxable (Series A); and APPROPRIATE \$184,946 to Fund 843, Department 40, Account No. To Be Determined to purchase real estate for the purpose of creating more community facilities as identified in the Bond spending Plan for this Project Area.
3. TRANSFER \$15,054 from AB1290, Fund No. 53P, Account No. 281215 (CD-15 Redevelopment Projects - Services) to Fund 843, Department 40, Account No. To Be Determined to purchase real estate for the purpose of creating more community facilities.
4. AUTHORIZE the Controller, subject to the availability of funds, to expend funds upon presentation of proper documentation and demand of the General Manager, EWDD or designee pursuant to this contract.
5. AUTHORIZE the Department of General Services (GSD) to execute a Purchase and Sale Agreement and related documents necessary for acquisition of property located at 10221 S. Compton Ave.
6. REQUEST the City Attorney, or outside counsel, to prepare Ordinances providing for the City's acquisition of the property located at 10221 S. Compton Ave from CRA/LA under the terms described in the March 7, 2016 report, attached to the Council file.
7. AUTHORIZE the GSD to:
  - a. Negotiate and execute an Assignment and Assumption Agreement or similar type agreement, as necessary, for the lease with Watts Civic Center, A California Limited Partnership, subject to City Attorney's or outside counsel's approval to form.
  - b. Collect lease revenue per the agreement detailed above in Recommendation No. 7a.
  - c. Deposit all revenue into Department Source Code 100/40/4931004.
8. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the City Administrative Officer; and AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement: The CRA/LA Bond Oversight Committee reports that there is no impact on the City's General Fund from the proposed allocation of CRA-LA/DLA EBP and AB1290 funds. The CRA/LA Excess Non-Housing Bonds Proceeds Fund No. 57D is funded solely from the transfer of approximately \$84.1 million in pre-2011 tax allocation bond proceeds from CRA/LA to the City (Council File No. 14-1174) with said transfer having been deposited with the Office of the Controller. The AB1290 funds are received from property tax increment financing derived from the Watts Redevelopment Project Area.

Community Impact Statement: None submitted.

Summary:

On March 22, 2016, your Committee considered a March 7, 2016 CRA/LA Bond Oversight Committee (Committee) report relative to the allocation of \$184,946 in CRA/LA excess bond proceeds from the Watts Redevelopment Project Area and \$15,054 from AB 1290 for the purchase of real estate. According to the Committee, pursuant to the dissolution of the former Community Redevelopment Agency (CRA) of the City of Los Angeles on February 1, 2012, CRA/LA, a Designated Local Authority (CRA/DLA) was established on February 3, 2012 to serve as the successor agency to the former CRA.

AB 1484, which passed the State legislature on June 27, 2012, permits eligible successor agencies to use unobligated pre-2011 tax allocation bond proceeds (Excess Bond Proceeds) for new obligations, as long as the funds are used in a manner consistent with the original bond covenants. To that end, the City executed a Bond Expenditure Agreement (BEA) with CRA/LA in January 2015 which authorized the transfer of approximately \$84.1 million in EBP from the CRA/LA to the City. The \$84.1 million was generated by 26 bond issues of which 7 were tax exempt (\$41.4 million), and 19 were taxable (\$42.6 million). The EBP is to be spent on bond eligible purposes that are of maximum benefit to the City, and the Affected Taxing Entities including the County, School District, and Community College District, The EBP does contain provisions for 16 percent of taxable EBP to be expended on staff administration and project evaluation costs. Specific details in regard to the EBP are provided in the Committee report, attached to the Council file.

The City will use the EBP for redevelopment purposes for which the bonds were sold and consistent with the applicable bond covenants as set forth in the bond documents, BEA, applicable provisions of the Community Redevelopment Law and Redevelopment Plans, and the BSP. The BSP allows the City to transfer funds between projects, programs and activities as long as the funds remain within the Redevelopment Project Area from which the EBP are derived.

Furthermore, CD 15 is entitled to \$305,121 in Excess Bond Proceeds over three project areas i.e. Beacon Street, Pacific Corridor and Watts Redevelopment. CD 15's EBP consist of \$0 (zero) in tax-exempt bond proceeds, and \$305,121 in taxable bond proceeds in all three project areas. Specific details are provided in the Committee report, attached to the Council file.

The purchase of the parcel at 10221 S. Compton Avenue creates a unique opportunity for the City to obtain site-control for four contiguous parcels of land, and create a larger master plan for a block that will also contain the new Children's Institute campus, designed by architect Frank

Gehry. On September 29, 2015, the General Services Department submitted an on-line auction bid to Cushman & Wakefield, the exclusive agent to CRA/LA, for the purchase of the property at 10221 S. Compton Ave. Finally, on October 14, 2015, the City submitted a second "Best and Final Offer", which was accepted by the CRA/LA in the amount of \$200,000.

In its September 22, 2015 Motion (Council File No. 14-1408), Council District 15 seeks to invest the maximum amount available for the Watts Civic Center. The Watts Redevelopment project area originally contained \$188,746 in EBP that was targeted for Community Facilities. However, \$3,782 has been appropriated to cover administrative planning and reporting expenditures; thus, \$184,946 of EBP is available to acquire the property located at 10221 S. Compton Ave. The September 22, 2015 Motion was amended by Motion on October 14, 2015 to allow the additional use of Assembly Bill 1290 (AB1290) funds available to Council District 15 for this purchase.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the February 22, 2016 Committee report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



| <u>MEMBER</u>    | <u>VOTE</u> |
|------------------|-------------|
| PRICE:           | YES         |
| CEDILLO:         | YES         |
| KREKORIAN:       | YES         |
| MARTINEZ:        | YES         |
| HARRIS - DAWSON: | YES         |

ARL  
3/22/16

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**